

**STUDY OF IMPACT OF SMALL SECTOR  
FINANCING ON FISHING INDUSTRY  
&  
THE SOCIO-ECONOMIC ASPECTS  
OF TWO SELECTED FISHING  
VILLAGES OF SRI LANKA**

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Dissertation submitted as a partial  
Requirement for the M. Sc. degree in  
Aquaculture and Fisheries Management  
Of the University of Kelaniya, Sri Lanka.

DECEMBER 1999

## **ABSTRACT**

The amount of loans granted by financial institutions, % of recovery and fish production in the Western, Southern and North Western Provinces of Sri Lanka during the period 1987-1997 were considered in the present study. Results showed that the granting of loans has resulted in an improvement in the socio-economic aspects of the fishing community.

The highest mean production during 1987-1997 was 41,848.8 MT in the North Western Province and the lowest was 33,262.5 MT in the Western Province.

The highest amount of loans (Rs. 97.1 M) was granted to the Southern Province while the lowest (Rs. 58.1 M) was granted to the North Western Province. The highest % of recovery (72.9%) was recorded in the North Western Province. The lowest % of recovery (53.9%) was observed in the Western Province.

There was a significant positive correlation between the fish production and the amount of loans granted in the Western Province. The fish production, amount of loans granted and % of recovery were significantly different in the three Provinces.

The highest mean number of children per family which was 3 was recorded for crew members of the Beruwela Fishing Village while the lowest value for this, which was 2.14

was recorded for crew members of the Dickowita Fishing Village. The number of children per family among the crew members of Dickowita and Beruwela Fishing Villages were significantly different from each other.

At Beruwela and Dickowita Fishing Villages, there is also a significant relationship between the amount of loans obtained and whether being a crew member or a craft owner. In both fishing villages, the majority of boat owners have obtained loans  $\geq$  Rs. 20,000/- while the majority of crew members have obtained  $<$  Rs. 20,000/-. When the craft owners and crew members were considered together, there is a significant relationship between the amount of loans obtained and the type of house they live.

The majority of fisherfolk who have obtained loans  $\geq$  Rs. 20,000/- live in tiled/asbestos roofed houses built with bricks/cement blocks while the majority who have obtained  $<$  Rs. 20,000/- live in cadjan/tar/GI roofed houses built with clay/wooden planks.

Obtaining of loans from financial institutions by the fishers of non-mechanical fishery is difficult as they do not have collateral which are acceptable to the institutions.

Improvements in the delivery and the recovery of credit could be made by reviewing the reasons for failures of previous financing schemes, close monitoring and supervision and becoming more familiar with the attitudes and problems of fisherfolk.